



CITY COUNCIL

AGENDA REQUEST

AGENDA OF:	06-04-13	AGENDA REQUEST NO:	V-D
INITIATED BY:	GABE REAUME <i>GTK</i> INTERIM TREASURY MANAGER	RESPONSIBLE DEPARTMENT:	BUDGET & RESEARCH
PRESENTED BY:	GABE REAUME <i>GTK</i> INTERIM TREASURY MANAGER	DIRECTOR:	JENNIFER BROWN <i>JB</i> DIRECTOR OF BUDGET & RESEARCH
		ADDITIONAL DIRECTOR (S):	SUELLEN STAGGS DIRECTOR OF WATER UTILITIES

SUBJECT / PROCEEDING:	METER REPLACEMENT AND BILLING WORK ORDERS AWARD OF CONTRACT TO SEVERN TRENT ENVIRONMENTAL SERVICES, INC.
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EXHIBITS:	STANDARD CONTRACT FOR GENERAL SERVICES-METER REPLACEMENT PROGRAM AND BILLING WORK ORDERS
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CLEARANCES		APPROVAL	
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LEGAL:	MEREDITH RIEDE <i>YRR</i> ASSISTANT CITY ATTORNEY	EXECUTIVE DIRECTOR:	MIKE GOODRUM <i>MWG</i>
PURCHASING:	TODD REED, CPPB PURCHASING MANAGER <i>R</i>	ASSISTANT CITY MANAGER:	N/A
BUDGET:	BRYAN GUINN, <i>BH</i> ASSISTANT DIRECTOR OF BUDGET & RESEARCH	CITY MANAGER:	ALLEN BOGARD <i>Allen Bogard</i>

BUDGET	
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EXPENDITURE REQUIRED: \$	440,000
CURRENT BUDGET: \$	300,000 TREASURY (BASE FEE) 140,000 CUSTOMER SERVICE (MATERIALS)
ADDITIONAL FUNDING: \$	N/A

RECOMMENDED ACTION	
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Authorize execution of a contract for meter replacement and billing work order services with Severn Trent Environmental Services, Inc. in a maximum amount of \$440,000.

EXECUTIVE SUMMARY

At its March 5, 2013 meeting, the City Council authorized the assignment of the contract between the City of Sugar Land and SWWC Services, Inc. to Severn Trent Environmental Services, Inc. (Severn Trent) This contract is set to expire July 1, 2013, and covers repairs of the City's water distribution and wastewater collection system in addition to meter reading services, customer service work orders, and meter replacement. Since March 11, 2013, Severn Trent has been performing meter reading services, customer service work orders, and meter replacements for the City of Sugar Land.

METER REPLACEMENT PROGRAM

The City of Sugar Land has developed a meter change out program to ensure accurate billing and to keep water accountability (billed versus produced water) at ninety percent or better. The City has determined that meter accuracy begins to degrade significantly once the meter is over twelve years old and consequently, the replacement program was developed to replace each residential meter once every twelve years.

For efficiency, the program includes replacement of entire neighborhoods so that labor can be minimized and costs controlled. A Request for Proposal for the annual meter replacement services of 2,300 meters (RFP 2013-12) was prepared and opened to prospective firms on March 6, 2013. Seven proposal submissions were received by April 9, 2013.

On April 29, 2013, an evaluation committee representing staff from Water Utilities, Budget & Research, and Permits & Inspections reviewed the proposals. Severn Trent was selected as the highest ranked proposal by the committee.

BILLING WORK ORDERS

As part of the Request for Proposal for meter reading services (RFP 2013-10) prospective firms were required to bid on additional contract work to be considered for award. These services are currently offered to customers and are referred to as billing work orders. They are a necessary part of the utility billing process. Billing work order totals were provided as part of the proposal for the past two fiscal years as well as FY13 to date so that prospective firms would have an idea of the workload demands required to serve the City of Sugar Land's customers.

Billing work orders include the following:

- A. Cut-off of service due to delinquency (Cut-offs)
- B. Turn on new service (New Service)
- C. Cancellation of service (Turn Off)
- D. Monitor for leaks
- E. Vacant with Usage
- F. Check working status of meter or occupancy of service address (Check Status)
- G. On-site tests (per standard operating procedures)
- H. Reconnection of service after delinquency is resolved (Reconnects)
- I. Meter Replacement (Stuck Meters)
- J. Delinquent Account Warning Tags (Warning Tags)

Pricing received by prospective firms was noted on a cost per item for each customer service work order type. On April 29, 2013, an evaluation committee representing staff from Water Utilities, Treasury, and Budget & Research reviewed the four meter reading proposals received with the additional services for consideration. The

strong consensus of the evaluation committee was to award the billing work orders to Severn Trent based on their proposal and qualifications.

RECOMMENDATION

Since Severn Trent was the highest ranked firm for meter replacement and billing work order services as included with their meter reading proposal , City staff met with representatives of Severn Trent in order to negotiate more favorable pricing of services and seek approximately \$8,000 in annual cost savings to the City compared to itemized pricing based historical work order volumes.

Recognizing the City's concerns, Severn Trent agreed to combine meter replacement and billing work order services into one contract with a base fee of \$300,000 plus materials at the City's cost with no markup. Meters used for the meter replacement program will be bought by Severn Trent through the City's contract and billed to the City at cost. Inventory of meters, meter boxes and other supplies will be maintained by Severn Trent, and the discarded meters will be disposed of by Severn Trent. The base fee of \$300,000 will cover labor and equipment for customer service work orders as shown above, including new service connections, disconnection for delinquencies, cancellations of service, checking meters for accuracy, on-site tests, leak monitoring and delinquent account warning tags, along with labor and equipment for the meter replacement program. The only additional cost that will be passed on to the City will be for materials utilized, and those will be charged at the City's cost.

Staff recommends council approval of a contract with Severn Trent Environmental Services, Inc. for meter replacement and billing work order services, in a maximum amount of \$440,000 which includes a base fee of \$300,000 and materials costs estimated at \$140,000. The initial contract term is one year and the contract is renewable for four (4) one-year extensions.

EXHIBITS

CITY OF SUGAR LAND
STANDARD CONTRACT FOR GENERAL SERVICES
Over \$50K - Form Revised 5/17/10

I. General Information and Terms.

Contractor's Name and Address: Severn Trent Services
 16337 Park Row
 Houston, Texas 77084

Description of Services: Meter Replacement Program and Billing Work Orders

Maximum Contract Amount: \$440,000

Effective Date: On the latest date of the dates executed by both parties.

Termination Date: (See III C)

Renewal: City Council may extend this Contract for four additional one-year terms on the same terms and conditions as provided for in the original term, by giving written notice of the extension to the other party at least 30 days prior to the termination date.

II. Signatures. By signing below, the parties agree to the terms of this Contract:

CITY OF SUGAR LAND

CONTRACTOR:

City Manager or Assistant City Manager

By: Bill Fry
 REGIONAL GENERAL MANAGER

Date: _____

Date: May 28, 2013

APPROVED AS TO FORM:

Meredith Reed